

GAS TAX RESOLUTION

The following Resolution was made at the Regular Meeting of the

Colfax

Township Board held on October 17, 1995.

Motion by Larry Flamery and supported by Gertrude Barton
to adopt the following Resolution.

WHEREAS, the road system throughout our Township, County, and State is
in great need of repair and improvement;

WHEREAS, there is a recognized lack of sufficient funding to improve the
road system;

WHEREAS, the fixed current Gas Tax of 15¢/gallon has not kept pace with
road funding needs for the last decade;

WHEREAS, automobile fuel efficiency has nearly doubled in the last ten
(10) years, causing a significant loss of funding increases.

NOW, THEREFORE, BE IT RESOLVED: That Colfax
Township hereby supports the County Road Association of Michigan
proposal to raise the Gas Tax.

Roll call vote: Larry Flamery-yes, Gertrude Barton-yes, Marjorie Richardson-ye
Motion carried. Jack Flamery-yes, and Wayne
Patterson-no.



CRAM GRAM

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TO: ALL COUNTY ROAD COMMISSIONS AND COMMISSIONERS
FROM: JAMES L. LITTLE
SUBJ: FUEL TAX INCREASE
DATE: AUGUST 30, 1995

The Michigan Municipal League (MML) and the County Road Association of Michigan (CRAM) have been negotiating first with MDOT, then recently with the Governor's Office in an attempt to reach an agreement on a transportation funding package. Notwithstanding the fact that the CRAM Proposal, *Funding for the Future*, is most reasonable based upon the needs of the whole State, the MML and CRAM have agreed on a Modified Gas Tax Proposal, which has been the subject of recent discussions with the Governor's Office.

The Modified Proposal:

1. Provides MDOT with nearly quarter of a billion dollars of new revenue the first year.
2. Provides MDOT with an average annual increase, for 12 years, of \$327 million over 1994 revenues—enough to complete the Governor's Build Michigan Program.
3. Provides an additional share to MDOT, in lieu of changing the external formula, by transferring \$42 million per year for 3 years and \$29 million per year for the next 3 years, from city and county funds by:
 - a. Returning Local Program Funds to MDOT ahead of schedule.
 - b. Repaying MDOT over the next 6 years, equal to MDOT's share of the Local Program Funds transferred to locals.
4. Keeps the fuel tax increase at single digit (9.5 cents) with a phased-in approach.
5. Eliminates the diesel discount, shrinkage allowance and increases truck fees.
6. Provides for an inflation-proof index to allow for growth and flexibility to meet future transportation needs.

7. Maintains the integrity of the current external formula.
8. Increases the Local Critical Bridge Fund from \$5 million to \$30 million, thus beginning to reduce the backlog of unfunded local bridge needs.
9. Allows a change in the County Internal Formula which increases funds to urban counties by 20%.
10. By an agreement with the Michigan Townships Association, dedicates transportation funds in each county to a township 50/50 matching program for roads and bridges. This will leverage new money by requiring township participation in road projects.

Contrary to media reports of comments from the Governor's Office, the MML and CRAM have been attempting to bargain in good faith and have been willing to meet anytime with anyone. In several meetings and phone conversations, the MML and I have offered concessions on several issues. Last month, we presented the CRAM General Policy Committee's approved **Modified Gas Tax Proposal** and since then have offered even further compromises, **without changing the formula**. We think the other side is not serious about a tax increase, whatever their reason.

It is our understanding that the Legislature is supportive of a gas tax increase. As you know, there are bills in the House which can be taken up when the Legislature returns on September 12. We are now scheduling meetings with key legislators to make them aware of the modifications that we have offered to the Governor's Aide. Next week, we will be holding a media briefing to advise them of your needs and our offers to compromise.

NOW IS THE TIME TO CONTACT YOUR LEGISLATOR(S) AND URGE THEM TO BE STRONG AND ADDRESS THE PROBLEM NOW!

Thank you for your fine support at the House Task Force Hearings. Please keep us informed of contacts with legislator(s), and of their comments.

JLL/sa

PROPOSAL COMPARISONS

ISSUES	GRAM <i>Funding for the Future</i>	GOVERNOR'S OFFICE	GRAM <i>Modified Proposal</i>
Fuel Tax Increase	gas - 12¢/gal. diesel - 15¢/gal.	8¢/gal. 5¢ - 10/1/95 3¢ - 1/1/97	9½¢/gal. 5½¢ - 10/1/95 2¢ - 1/1/96 2¢ - 1/1/97
Distribution	Existing Formula (after deductions: 39.1% - MDOT 39.1% - Counties 21.8% - Cities)	5¢ - { 3¢ - Formula 2¢ - MDOT 3¢ - { 50% Locals 50% MDOT Reverts to existing formula after 2007	Existing Formula \$30M Local Critical Bridge Program Eliminate LPF & Transfer \$174 M to MDOT over next 6 years
Index	Inflation-proof Estimated @ 1¢/yr.	4¢ over 12 years	CPI growth x tax rate Estimated @ 1¢/yr.
12 year avg. increase	MDOT - \$410M Locals - \$459M	MDOT - \$331M Locals - \$180M	MDOT - \$327M Locals - \$330M
12 year avg. % increase	MDOT - 104% Locals - 66%	MDOT - 84% Locals - 26%	MDOT - 83% Locals - 48%